US job market makes strides as unemployment rate falls to 6-year low of 5.9 percent

Print

By CHRISTOPHER S. RUGABER

WASHINGTON — A surge in hiring last month helped drive the nation's unemployment rate down to a six-year low and within striking distance of what economists consider a healthy level, though probably not enough to give much of a boost to either political party in the midterm elections.

> The U.S. unemployment rate fell below 6 percent for the first time since mid-2008.

The stronger-than-expected numbers — contained in the last government report on unemployment before the elections — showed that employers are gaining confidence that the expansion will be sustained, after months of consistent job creation and the gradual reduction in the jobless rate.

The payroll report

The Labor Department reported Friday that payrolls rose by 248,000 in September. The jobless rate declined to 5.9 percent from 6.1 percent.

Here are some other details from the report:

Construction: gained 16,000

Retail: increased 35,000

Manufacturing: up 4,000

Leisure/hospitality: climbed 33,000

Professional/business services: rose by 81,000

Health care: added 23,000

Government: gained 12,000

Revisions: increase of 69,000 jobs in July and August

Average hourly earnings: down 1 cent to $24.53

Average workweek: up to 34.6 hours from 34.5

Participation rate: fell to 62.7 percent, the lowest since February 1978, from 62.8 percent

Underemployment rate: Dropped to 11.8 percent in September from 12 percent. This gauge counts the unemployed, workers settling for part-time jobs and people who have given up the search.

Video: **U.S. Jobless Rate Falls to 5.9% as Payrolls Surge 248K**

More: **Payrolls in US effectively up by about 600,000 as hours climb**

More: **Drop in US labor force difficult to pin on discouraged workers**

The unemployment rate dropped to 5.9 percent, from 6.1 percent in August, as U.S. employers added 248,000 jobs in September, and generated 69,000 more jobs in July and August than previously reported, the government said Friday.

The jobless rate now stands at the lowest level since July 2008, in the middle of the recession, and is getting close to the roughly 5.5 percent that the Federal Reserve considers consistent with a healthy economy. Payrolls have added an average 227,000 per month so far this year, keeping job gains on track for their best performance since 1999.

The robust economic news, however, is unlikely to give much of a lift in Washington or statehouses around the nation.

“Conceivably, everyone can claim credit,” said John Weingart, associate director of the Eagleton Institute of Politics at Rutgers University. President Obama can say his policies led to the economic improvement, and Republicans in the House of Representatives can say their budget and spending cuts enabled the private sector to do better, Weingart said.

But Congress has done so little that it’s difficult for any individual legislator to claim that something he or she did helped improve the economy, Weingart said. Moreover, that kind of news needs to come months earlier in the campaign than a month before the election, when the electoral themes have generally been laid down, he said.

“This kind of news doesn’t influence people’s votes if it occurs so close to the election,” he said.

The figures likely also won’t affect any gubernatorial races, because those are largely dictated by the local employment numbers, and whether the state figures have done better or worse than the nation’s, he said.

Joel Naroff, chief economist at Naroff Economic Advisors of Pennsylvania, called it “a strong report.” But he said any political impact will likely be dampened by the fact that people don’t feel they are personally benefiting from the improved economy.

Since the economy hit bottom in mid-2009, the growth rate of wages has hovered around 2 percent, just enough to compensate for inflation. “Ultimately, your confidence comes down to you have a job, are you secure in your job, and if you are, are you making more money,” Naroff said. But while job insecurity has gone away, people “are upset about the fact that they haven’t had a pay increase for years,” he said.

Even Obama acknowledged that, when he recently said on the television news program “60 Minutes’’ that people don’t feel the economic improvement “because incomes and wages are not going up.”

Despite the strong numbers released Thursday, other gauges of the job market still bear other scars from the recession aside from stagnant wages. And the number of people out of a job for more than six months or stuck in part-time jobs when they want full-time ones remains elevated.

As a result, the Fed may not move up its timetable for raising interest rates to control inflation, economists say. Most expect that the Fed won’t act until the middle of next year.

Friday’s data “are generally consistent with the Fed’s economic forecasts and therefore should not change their thinking,” Doug Handler, an economist at IHS Global Insight, said in a note to clients. The Fed has kept its benchmark interest rate near zero for almost six years in an effort to encourage more borrowing, spending and growth.

The jobs report came a day after Obama touted his administration’s economic achievements in a speech. The economy is the top issue in voters’ minds as the Nov. 4 elections near, according to an Associated Press-GfK poll.

While most signs point to an improving economy, the poll found that 62 percent of likely voters still consider the economy “poor,” little changed from two years earlier.

Staff Writer Hugh R. Morley contributed to this article, which contains material from Bloomberg News.